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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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the recent decision to reverse the trend toward complete nationalization of East German production was based on a previous policy ruling made in Potsdam by the Russians in 1945, that only the country's basic industries were to be nationalized. This ruling was lost sight of in the following years; it was, however, the original plan. Therefore, the recent reversal of the trend toward nationalization was not a new policy, but the restoration of the old one, and it had nothing to do with the events of 17 June 1953.

2. according to a recent decision of the Council of Ministers, the former owners of industrial property which had been compulsorily nationalized would, on application, have it returned to them provided it did not fall within the category of "basic industries" (iron, coal, steel, chemical, and transportation industries). The former owners of these industrial firms may also apply for a loan to enable them to start production again. This loan will be granted if it is considered to be in the interest of over-all production. Instructions have been received to show great latitude in the interpretation of this clause, and in fact, most people who applied for a loan under these terms were granted one. taken as a whole, the number of applications for the return of confiscated property had not been large. most owners of industrial property had left East Germany immediately after the property was confiscated and had not yet returned.

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